

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 FRB-01 XMB-04 TRSE-00 EB-08
CIAE-00 INR-07 NSAE-00 OMB-01 CEA-01 /044 W
-----006569 300130Z /66

R 291726Z JUL 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 6657
TREASURY DEPT WASHDC
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USDOC WASHDC

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USEEC ALSO FOR EMBASSY
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DEPARTMENT PASS FEDERAL RESERVE BOARD; EXIM

TREASURY FOR M. RYSS

1. THE ECGD HAS FORMALLY INTRODUCED ITS SCHEME TO COVER FORWARD FOREIGN EXCHANGE RISKS FOR PERIOD BETWEEN THE DATE OF TENDER OF A FIXED PRICE FOREIGN CURRENCY BID AND THE DATE OF THE CONTRACT AWARD. THE PREPARATION OF THIS SCHEME HAS LASTED SEVERAL MONTHS AND INVOLVED ELABORATE CONSULTATIONS WITH EXPORTERS AND FINANCIERS. (SEE LONDON 9026, PARA. 3.)

2. COMPLETE DETAILS WILL FOLLOW BY AIRGRAM. GENERALLY SPEAKING, THE COVER WILL BE AVAILABLE FOR A MINIMUM PERIOD OF 3 MONTHS AND A MAXIMUM PERIOD OF 9 MONTHS BETWEEN THE TENDER AND AWARD DATES. THE PREMIUM WILL BE A FIXED 5.000 POUNDS PLUS A VARIABLE CHARGE DEPENDING ON THE SIZE
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AND PERIOD OF THE COVERAGE. THE VARIABLE CHARGE WILL BE 10 PENCE PER 100 POUNDS COVERED PER MONTH FOR PERIODS UP TO 6 MONTHS; AND 15 PENCE PER 100 POUNDS COVERED PER MONTH FOR ANY EXCESS OVER 6 MONTHS

3. FOREIGN CURRENCY RECEIPTS ARISING FROM A SUCCESSFUL BID CAN BE CONVERTED THROUGH THE FORWARD MARKET IN FOR-

EIGN EXCHANGE INTO KNOWN LEVELS OF STERLING RECEIPTS AT THE TIME A CONTRACT IS AWARDED UNDER THE ECGD SCHEME. AN EXPORTER MAY BE COMPENSATED FOR A PART OF THE INCREASE IN THE COST OF COVERING THESE FOREIGN EXCHANGE RECEIPTS OVER THE PERIOD BETWEEN THE CONTRACT TENDER AND THE AWARD THE COMPENSATION IS ONLY THAT PART OF THE INCREASE IN EXCESS OF 3 PERCENT. BUT LESS THAN 25 PERCENT. THE EXPORTER CANNOT WALK AWAY FROM THE AGREEMENT. IF THE COST OF CONVERTING HIS RECEIPTS FORWARD DECLINES BY MORE THAN 3 PERCENT, HE MUST PAY THE EXCESS TO THE ECGD, UP TO 25 PERCENT.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, INSURANCE, FOREIGN EXCHANGE RATES, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON12588
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D770273-0502
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977072/aaaaabjv.tel
Line Count: 75
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Litigation History:
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Message ID: 79f80d64-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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Retention: 0
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Review Date: 16-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1751220
Secure: OPEN
Status: <DBA CHANGED> mcm 20041122
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TAGS: EFIN, EINV, UK
To: STATE TRSY MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/79f80d64-c288-dd11-92da-001cc4696bcc
Review Markings:
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